



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

Number: **INFO 2002-0046**

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CC:INTL:BR1 [REDACTED]
GENIN-112007-02
UIL # 9114.03-38

[REDACTED]

Reference: Tax on Lump-Sum Distribution from Swiss Pension

Dear [REDACTED]:

I am responding to your letter to the Office of the Associate Chief Counsel (International) dated January 29, 2002. According to your letter, you are a Swiss citizen and a lawful permanent resident of the United States (a "green card" holder). You have received a lump-sum distribution from a Swiss pension fund in consideration of past employment in Switzerland and you are seeking clarification concerning United States income tax on such distributions. The following is for general informational purposes only, and is not a determination of your individual income tax liability.

Under United States income tax law, United States green card holders are subject to United States income tax on a worldwide basis. However, the application of the United States income tax law may be modified by an income tax treaty to which the United States is a party.

In general, under Article 18 of the Income Tax Treaty Between Switzerland and the United States ("the Treaty"), pensions and other similar remuneration beneficially derived by residents of the United States in consideration of past employment in Switzerland shall be taxable only in the United States. Article 18 encompasses not only periodic payments but also lump-sum distributions from pensions in consideration of past employment.

Under Article 4 of the Treaty, Swiss citizens who are United States green card holders are considered United States residents if they maintain their permanent home in the United States. Because such individuals are considered to be residents of the United States, the Treaty does not prevent the United States from imposing income tax on lump-sum distributions they receive from Swiss pension plans.

If you require a definitive determination of the law applicable to your particular facts, you may submit a request for a private letter ruling to this office pursuant to the rules set

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forth in Revenue Procedure 2002-1. Please contact [REDACTED] of this office at (202)622-3880 (not a toll-free call) if you require further assistance.

Sincerely,

M. Grace Fleeman
Assistant to the Branch Chief, CC:INTL:1

Enclosure.